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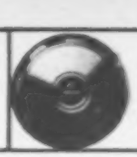
Coen hedges his bets – Page 3



Small trucks: As tough as their ads? – Page M-4

Japan: Woody Allen stars for retailer – Page M-10

Advertising Age

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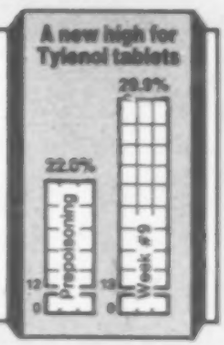
Tylenol winning back its market share

Analgesic dollar shares in four U.S. cities
(Food stores only)

Brand	Prepoisoning*	Wk #2	Wk #4	Wk #6	Wk #8	Wk #9
Tylenol	48.7%	6.5%	13.7%	19.5%	21.3%	29.9%
Anacin	15.2	29.2	24.1	22.8	20.0	17.9
Excedrin	10.1	18.8	17.4	13.5	15.1	13.6
Bufferin	9.6	17.7	17.8	14.9	15.2	13.3
Bayer	8.6	13.2	13.4	15.1	13.6	12.5
Nonaspirin	50.5%	18.4%	22.7%	28.0%	28.1%	34.1%
Aspirin	49.5	81.6	77.3	74.0	73.9	65.9

*Eight-week average prior to the poisonings

Note: There is no capsule share for Tylenol since the new capsule bottles are currently being placed on retail shelves. Nationally, 51% of analgesics are purchased through food stores, 35% through drugstores and 9% through mass merchandisers.



Source: Information Resources BehaviorScan Report

Staff chart by Bob Zeni

Tylenol tablets lead rebound

By NANCY GIGES

As the first Tylenol capsules in triple-protected packaging begin to appear on retail shelves, Tylenol tablets seem to have not only regained their prepoisoning market share but to have surpassed it.

Definitive results will not be available for months, but two "early warning" research services indicate strong gains for Johnson & Johnson's Tylenol, sold through its McNeil Consumer Products Co.

The rebound is taking place despite increasingly competitive advertising and promotion by rivals highlighting their own various attributes.

The most encouraging news for Tylenol comes from Information Resources' BehaviorScan Report that shows the company's tablets at a 29.9% market share for the week ending Nov. 28, even higher than the 22.2% held before the poisonings. The figures show other brands eroding as Tylenol gains.

Information Resources measures sales of a variety of products via retail scanner data in grocery outlets in Pittsfield, Mass.; Marion, Ind.; Eau Claire, Wis., and Midland, Tex. Although the sample base represents less than 1% of the population, George Garrick, senior vp-marketing and client service, noted that the data as a whole tend to be representative of national behavior. He pointed out that the primary value is in indicating trends and changes in market shares rather than absolute figures.

Some of the dramatic Tylenol share rise during the most recent week reported from 21.3% to 29.9% is likely due to the $2.50 coupon McNeil ran in thousands of newspapers recently to help consumers replace product they may have thrown away. Some 30% of purchases during week No. 9 (on the chart) were with coupons, although not necessarily the high-value ones, according to Mr. Garrick. However, J&J views the purchases as a positive sign even if they were with the high-value coupon.

Information from Nabscan Inc., another service that uses scanner data to develop share figures, also shows the Tylenol share on the rise. By the week ending Nov. 3, the Tylenol share was almost half of its prepoisoning

(Continued on Page 55)

last minute news

NH&S gains $10 million-plus in Clorox brands

Oakland, Cal.—Clorox has assigned its Liquid-plumr, Clorox Pre-Wash and Kingsford charcoal advertising to NH&S/USA, Chicago, succeeding Ketchum, San Francisco. Spending is estimated at between $10 million and $15 million. NH&S has been on the Clorox roster since September, working on a new product project.

Ticketron prepares airline ticket marketing plan

New York—Control Data's Ticketron unit hopes to be retailing airline tickets in the spring, said Ticketron president William Schmitt, and already is talking to ad agencies about promotion plans in anticipation of a CAB order this week that will leave airlines free to build retail networks outside the current travel agent system. Court appeals could delay the

(Continued on Page 8)

NEWSPAPER
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AA
DC2001&CONGLI FMJF
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

Faberge's suit hits media unit

By JOHN J. O'CONNOR

New York—Faberge has lodged an $11 million suit against Porterfield Buying Unit and its partners, Samuel Wyman and Grace Porterfield, accusing the media buying service executives of having schemed to defraud the company in connection with the purchase of broadcast time for Faberge fragrances and cosmetics.

The civil action filed in federal district court here accuses the defendants of "altering" and "falsifying" tv station affidavits and invoices; failure to account for cash and merchandise advanced by the company for commercial time pur-

(Continued on Page 57)

COMPETITION HURTS ATARI

Warner star fades fast

New York—The days of the entrepreneurial spirit at Warner Communications may finally be over.

A chain of events that culminated with last week's dive by Warner stock, caused by revised (downward) estimates for results of its high-flying Atari division, is leading many industry analysts to believe that management of the giant entertainment conglomerate will assert greater centralized control, abandoning the pioneering aura that has typified its activities to date.

Just short months ago, the videogame market and red-hot Atari were soaring. Today, closing in on the important Christmas selling season, the market has been hit with its first hint of disappointment. And Warner's profit surge, slowed by earlier announcements concerning its activities in cable tv and toys, and in its executive suites, has been caught in a downdraft.

Only two weeks ago, the chief executive of Warner Amex Cable Communications—a partially owned subsidiary that is having its problems—surprised the cable industry by announcing what was termed his mutually agreed upon resignation. Earlier in November, Warner, apparently seeking more cash and clout, sold off some of The Movie Channel, one of its cable tv programing services, to other-studio partners.

So when the word came last week that Christmas sales of Atari videogames would not be what had earlier been predicted, the entire industry was rocked. The New York Stock Exchange halted trading on both Warner and Mattel, severely hit by a surge in sell orders. Mattel then announced that its fourth quarter might show a loss due to increased videogame competition and a weak retail environment. Other names in the home video marketplace, from Coleco Industries to Commodore International to Tandy Corp., also were hurt.

Warner's startling statement was that Atari, the generator of glowing profits, was encountering "disappointing sales" of its game software—despite megabuck fourth-quarter tv and magazine spending—and that its coin-operated arcade games —a generally lackluster cate-

(Continued on Page 55)

Cutting in

These sections from a retailer's newspaper ad (emphasis ours) point up the problem that is hurting Atari's videogame cartridges, apparently to the surprise of Warner executives.

But FTC eyes Pepsi tactics

NAD rebukes 7UP for attack on Pepsi Free

By GAY JERVEY

NEW YORK—Moving with uncharacteristic speed, the National Advertising Division of the Council of Better Business Bureaus last week threw out Seven-Up Co.'s complaint that advertising for Pepsi Free is "false and deceptive," and also chastised Seven-Up for its "misuse" of the self-regulatory process by going public with its challenge.

The NAD's move comes on the heels of a Federal Trade Commission investigation of PepsiCo's equally combative behavior last March, when it threatened to punish its exclusive franchise bottlers if they cooperated with Seven-Up's suddenly health-conscious "no caffeine" campaign for 7UP.

Although the FTC has no comment, ADVERTISING AGE learned that on Nov. 15, the FTC, with a cover letter signed by Laurence B. Bernard of the Bureau of Competition, sent questionnaires to 464 Seven-Up bottlers, 150 of which carry both 7UP and Pepsi.

"The FTC is conducting an investigation to determine whether PepsiCo may have suppressed the advertising of a competitor by threatening independent bottlers. . ." Mr. Bernard wrote.

In the NAD/Seven-Up case, a Dec. 3 letter addressed to J. Stewart Bakula, Seven-Up vp-secretary and general counsel, NAD director Ronald Smithies said that after reviewing the materials sent to him—and simultaneously to 154 local Better Business Bureaus—the NAD saw no basis for investigation. Furthermore—and more significantly, perhaps—Mr. Smithies took Seven-Up to task for its methods.

"We have noted with concern," he wrote, "the use of an extensive promotional campaign publicizing your submission of the challenge to the NAD. With respect, I must express our view it is a misuse of the self-regulatory process to use it for promotional purposes. The designers of the NAD/NARB [National Advertising Review Board] mechanism were most careful to assure confidentiality to advertisers and complainants until the completion of the investigatory process. Their purpose was to guard against trial by publicity and to provide the proper setting for a true resolution of controversy."

Why does he feel Seven-Up's claims to be unfounded? "There are

(Continued on Page 57)

Snow pack Newport, Lorillard's hottest selling brand, will break this magazine spread later this month. Agency is MCA Advertising, New York.

Net censors worse: FTC aide

By RICHARD L. GORDON

WASHINGTON—Television network ad censors have been discovered by Federal Trade Commission consumer protection chief Timothy Muris, and he's not entirely pleased with what he's seen.

Speaking to an American Advertising Federation meeting last week, Mr. Muris said networks may be burdening advertisers by demanding more than the FTC would require, and that if this is so, it is conceivable the FTC might eventually want to issue a report expressing its concern.

One example he cited was from the tape of an ad industry presentation before the FTC which revealed that General Foods substantiated "tastes great" and "the goodness of pudding" claims for a frozen pudding snack in anticipation of network objections. Interrupting a vigorous defense of Reaganite ad regulation strategy to recount the incident, he expressed amused disbelief that advertisers should have to spend money substantiating subjective claims of this kind.

Earlier, Mr. Muris' attack on the "perceptions of our views of advertising" appeared to signal the start of a campaign by Republican FTC chairman James C. Miller III to more aggressively build support for his program with advertisers. Chairman Miller is expected to take up the same "myths" theme when he addresses the annual meeting of the National Advertising Review Board in New York this week.

The consumer protection bureau chief contended that there are only three issues dividing the Reagan FTC leadership and the advertising associations, and he listed eight issues where he claims the position of the Reaganites has been misrepresented.

The three issues where he acknowledges some differences involved Mr. Miller's opposition to the ad industry's pursuit of a complete exemption for ads from FTC's "fairness" jurisdiction; the ad industry's proposals for more stringent limits on FTC's deception jurisdiction than Mr. Miller has

(Continued on Page 57)

highlights

Monday, December 13, 1982

U.S. appeals court upheld the Federal Trade Commission order requiring American Home Products to have scientifically acceptable proof for its ad claims for Anacin. *See Page 6.*

While holiday sales for the major sporting goods and apparel catalog houses are meeting this year's sales projections, the poor economy is taking a heavy toll on gift food companies. *See Page 10.*

Mexico's battered U.S. and European marketers are scrambling for ways to get foreign exchange to remit profits to their headquarters. *See Page 12.*

New magazines sponsored by two of America's largest marketers have appeared: *Alive & Well*, created by Bristol-Myers, and *Movie Magazine* backed by MCA's Universal Pictures. *See Page 14.*

Shortly after Ziff-Davis purchased the monthly *Independent Guide to Personal Computers* from Software Communications, it received word that up to 35 staffers were leaving the publication to start a competitive product. *See Page 14.*

As Tandy Corp. plans new telephone products and a new chain of Radio Shack Telephone Centers, ad spending will grow accordingly. The company's stores are anticipating electronic and technological products to push sales well above last year's. *See Page 20.*

The foods unit of Philip Morris' Seven-Up Co. is readying its first food product for general retail distribution: A fruit snack that will enter Denver supermarket testing in January. *See Page 20.*

A study on potential ad revenues of three types of electronic publishing concludes that cable-text can produce 25% more ad dollars than a videotex system and about nine times the revenue of a teletext system on a per-household basis. *See Page 35.*

Amstel Light beer's current print ads suggest that the brand's present Holland brewing location may shift. *See Page 36.*

General Mills is replacing its entire line of Chef Saluto frozen pizzas with a new 16-item line of Chef Saluto Fresh-Bake pizza, described as the first frozen pizza with a partially baked crust. *See Page 36.*

New graphics and a revised logo are featured in the updated look *Fortune* will be sporting in January. *See Page 48.*

Della Femina, Travisano & Partners is getting more involved in the running of Isidore Lefkowitz Elgort, one of its subsidiaries. *See Page 50.*

Rupert Murdoch faces a formidable task of reversing the financial slide of the *Boston Herald-American*. *See Page 54.*

Media company executives joined agency executives at the Paine Webber Mitchell Hutchens seminar and displayed somewhat greater, though guarded, optimism about the coming year. *See Page 58.*

CORPORATE CLOSEUP

Seagram's decision to shift major marketing, sales and administrative functions of its Paul Masson Vineyards subsidiary from California to New York represents a logical consolidation of its wine interests on the East Coast—and is part of its plan to beat No. 1 E. & J. Gallo at its own game. *See Page 4.*

VIDEOTECH

The personnel cutbacks and general belt-tightening at CBS are indicative of a leveling off of expenses and services that will occur at all three network news organizations. *See Page 34.*

MAGAZINE

U.S. marketers of small trucks are going macho to hold off competition from foreign imports. *See Page M-4.*

Asia/Pacific: Western marketers continue to learn about and be challenged by the cultural and creative climate in the region. *See Page M-9.*

Nobel peace prize winner Sean MacBride plays the part of media watchdog for the Third World and crusades for the rights of the have-nots. *See Page M-30.*

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Fast start for Time's cable book

By STUART J. ELLIOTT

NEW YORK—Though a rate card hasn't been published, Time Inc. already has commitments for more than 600 ad pages in *TV-Cable Week*, its weekly magazine due next spring.

"Honestly, we're very pleasantly surprised about the amount of support we're getting," said Jan Meyer, the new magazine's ad sales director. "We don't even have a way to process the orders."

The 600-plus figure is more than 2½ times the number of pages Time Inc. had commitments for at the launch of its most recent weekly before this. When *People* debuted in March, 1974, a corporate spokesman said, there were orders for about 225 ad pages.

Mr. Meyer attributed *TV-Cable Week's* impressive early page count to marketers recognizing Time Inc. is "deadly serious" about starting this publication for viewers of both cable and broadcast tv (AA, Aug. 23 *et seq.*). "They know we're spending $100 million," he added, a reference to the project's pretax startup costs.

It would "violate some confidences" to identify the advertisers involved, Mr. Meyer said, but the

(Continued on Page 54)

Coen lowers ad volume forecast

Making the ad dollar go further

NEW YORK—"Finding ways to get more impact from every [media] dollar invested is no longer a bonus; it's a necessity," J. William Wardell, group senior vp, Doyle Dane Bernbach International, told the Paine Webber media outlook audience here.

"And the answers," he said, "don't come from books or printouts. They come from challenging the routine, from asking, 'Why not?' and from an unwillingness to settle for what has been done before."

Some of Mr. Wardell's suggestions for "going the extra yard" in bringing creativity to media planning: Sponsoring and developing special programing; "roadblocking," or buying time to run simultaneously on the tv networks; trying special media to reach elusive audience segments; buying "special positioning" in traditional media to gain "extra impact"; creatively using catv and other alternative media, and relating adver-

(Continued on Page 58)

By CHRISTY MARSHALL

NEW YORK—The past year has been worse than McCann-Erickson senior vp Robert Coen ever expected. As a result, Mr. Coen, recognized leader of the media ad spending forecasters, confessed last week that with the current economic uncertainty, he "can't tell what is going to happen in the next 12 months."

But that didn't keep him from trying.

In his 10th appearance before the annual Paine Webber Mitchell Hutchens media outlook conference, the agency executive predicted that advertising expenditures would reach $73.5 billion in 1983, a gain of 9.2% over 1982.

A year ago, Mr. Coen figured that 1982 ad spending would hit $68.5 billion, an 11.7% increase over 1981's total of $61.3 billion. Then, as the recession persisted, Mr. Coen revised his forecast downward and by June was predicting a 1982 media spending total of $68 billion, or 10.4% more than the '81 total. Last week he told the Paine Webber audience that 1982 was, after all, "a modest expansion year," and ad spending would come to $67.3 billion, an increase of only 9.5% over 1981.

Mr. Coen attributed the lowered ad spending total to the continued bad state of the economy. While network and spot tv and direct mail performed better than expected, print media revenue fell far short of expectations. And although national media fared better than he predicted, local media did not.

With inflation at 5% to 7%, with real growth between 2% and 4% and the gross national product up by 9%, according to Mr. Coen's mathematics advertising will again outpace the GNP. "For the past seven years, advertising has grown faster than the economy," he said.

However, many advertisers have hacked away at their ad budgets. For the past nine months, Mr. Coen noted, toiletries' ad spending was down 2% and wine was down 7%. The biggest spending gain, 112%, was by the marketers of radios, tv and stereo/hi-fi sets. The next biggest increase came from the pet food companies, up 36%. Automobile advertisers increased spending by 29%; soaps/cleaners 27%; airlines 26%; foods 19%, and drugs/remedies 3%.

Mr. Coen added that the increases in airline and automobile spending are economy-related, as the companies promoted their rebate programs to bolster faltering sales. "You can't expect those kind of big gains next year," Mr. Coen noted.

Magazines suffered from cutbacks in schedules from their traditionally

(Continued on Page 57)

National advertising 1981 vs. 1982

	1981 (000,000)	1982 (000,000)	Change (per cent)
Network tv	$ 5,575	$ 6,275	+13.0
Spot tv	$ 3,730	$ 4,290	+15.0
Radio	$ 1,109	$ 1,185	+ 7.0
Magazines	$ 3,533	$ 3,745	+ 6.0
Newspapers	$ 2,729	$ 2,975	+ 9.0
Direct Mail	$ 8,918	$10,345	+16.0
Other media	$ 8,846	$ 9,670	+ 9.0
Total	$34,440	$38,485	+11.7

The outlook for 1983

	1983 forecast (000,000)	Change over 1982 (per cent)
National broadcast	$13,015	+11.0
National print	$ 7,225	+ 8.0
Other national	$22,065	+10.0
Total national	$42,305	+ 9.9
Total local	$31,245	+ 8.3
Grand total	$73,550	+ 9.2

Source: Robert Coen, McCann-Erickson USA

Bic may add erasable line

By GAY JERVEY

After years of saying it wouldn't, Bic Pen Corp. reportedly will enter the erasable pen market next year, just in time for the bread-and-butter, back-to-school marketing push so critical to writing instrument sales.

Although Bic had no comment, it apparently is showing the pen to its key customers. Buyers for major national retail chains claim to have seen the product; other sources describe the industry as rife with rumors as to its arrival. One eastern buyer said she had an appointment with Bic this week, at which time she expects a sneak preview. Industry sources note that the major chains already are placing their fall orders, which would explain Bic's timing.

Analysts fully expect the Bic erasable—which, given Bic's nomenclature, just might be Product X's name—to get the company's heftiest new product introduction since the Bic Roller, introduced in 1980 to do battle with Pentel's popular Rolling Writer. That entry was introduced in the early 1970s and went on to create a new and very lucrative growth category.

As with erasables, Bic scrutinized Rolling Writer's performance before jumping in with its own version. Sources suggest that this is very much within Bic's corporate style. "Bic likes to watch the market carefully, see what it does and then come in late with a superior product they can produce at an efficient rate and at low manufacturing costs," an analyst said, adding, "one that's at a price the consumer will buy—*i.e.*, pretty cheap."

As such, the Bic erasable probably will be priced quite competitively with the major entries from Gillette's Paper Mate division and the Atlanta-based Scripto Inc. It also is likely to be backed by big advertising dollars and merchandising promotions. Thus, Bic's entering the market is nothing to shrug off, and is being closely watched by competitors.

Analysts applaud Bic's decision and only hope the company isn't too late. For one thing, erasables represent the fastest-growing segment of the writing instruments market, with projected 1982 unit volume sales of about 150 million, according to one source. For another, the disposable ball-point or "stick" pen market—Bic's stronghold—has suffered during the current recession.

Milford, Conn.-based Bic also is shopping for a new agency for its estimated $15 million account and is expected to name a successor to Wells, Rich, Greene this month.#

world news roundup

CARACAS—The Venezuelan government last week froze tv advertising rates for 1983 and banned the airing of all soap operas before 10 p.m.

PARIS—Roux Seguela Cayzac & Goudard, France's No. 2 agency, this week adds three new shops to its network, bringing the total to nine, with revenues of $30 million. In Barcelona, RSC&G took a majority share in Consejeros de Publicidad; in Beirut, it acquired Strategies, and in Milan will back former TBWA exec Marco Mignani in a new agency.

LONDON—Six agencies in the London-based Lopex Group have formed a $300 million network called Alliance International. The six are Warwick Advertising in New York, the Kirkwood Co. in London, CFRP in Paris, Prad BV in Amsterdam, LVH & Partners in Brussels and Arks Ltd. in Dublin.

OTTAWA—CanNet Advertising, a direct response tv ad agency owned by Urban General Corp. of Fairfield, N.J., last week became the first U.S.-owned shop in more than five years to be given permission by Canada's Foreign Investment Review Agency to operate in Canada.

TOKYO—Penthouse is negotiating a licensing agreement with Kodansha Publishing Co. for the launch of the first Japanese edition of *Penthouse* next summer. *Playboy* is the leading men's magazine in Japan.

Net execs prepare for the second act

CBS sees closer race with ABC

By DIANE MERMIGAS

Although CBS firmly leads the pack in prime time, its programing executives are contemplating major midseason changes. They want to be sure the network holds its ground through the spring, against stiff miniseries competition from ABC.

CBS program boss Bud Grant plans to counter two strong miniseries from ABC-TV.

"I think we've done a little better so far this season than we thought we would. We also thought ABC would do better than it has," CBS program chief Bud Grant said in a telephone interview from his Los Angeles office.

CBS leads ABC season-to-date in prime time by 1.5 ratings and 2.5 share points. CBS finished only a fraction of a ratings point ahead of ABC last season.

"I think it will be a closer race between us toward the end of this season than it is now because of ABC's miniseries, 'The Winds of War' [Feb. 6-11 and 13] and 'The Thorn Birds' [tentatively set for March]," he said.

However, CBS will resist preempting as a

(Continued on Page 54)

NBC delays 2nd-season moves

By JAMES P. FORKAN

NEW YORK—NBC-TV, which was to have juggled its prime time program roster late last week, suddenly decided to see how the rest of the 11th Nielsen ratings week went. In the meantime, NBC Entertainment president Brandon Tartikoff himself was renewed.

NBC's chief programer, Brandon Tartikoff, will tell his network's mid-season shifts this week.

Amid some reports that at least one tv studio was wooing him (reportedly 20th Century-Fox), the 33-year-old Mr. Tartikoff signed what Raymond Timothy, group exec vp, National Broadcasting Co., would refer to only as a "long-term" contract. Grant Tinker, NBC chairman, said NBC still faced "a considerable program job" ahead and "it couldn't be in better hands" than Mr. Tartikoff's.

Mr. Tartikoff, who has headed the entertainment division since early 1980, and his cohorts are thought to have virtually given up on "Powers of Matthew Star," "Voyagers!" "Gavilan" and "Father Murphy" and

(Continued on Page 54)

Warner's bright star fades fast

(Continued from Page 1)

gory—also was being hard hit.

That, Warner said, would translate into 1982 earnings "substantially below previous expectations." It revised earnings estimates for the fiscal year to $4 a share, when only days before it "led analysts to believe" $5.25 would be a likely figure, said Michele S. Preston, a Cyrus J. Lawrence analyst. "That's a significant shortfall in earnings," she fumed. "As far as credibility, the company has no credibility."

The news was accompanied by yet another bombshell: Perry Odak, president of the Atari consumer products division, had been "relieved" of duties. The news came right after the magnitude of Atari's overprojections became known, though the company denies the two are related. The rosy month-earlier report was made by chairman Steven J. Ross, saying at the time that retail demand for the videogame system and software had "increased substantially in both domestic and foreign markets" despite intensified competition (from Mattel and Coleco in hardware, from a number of companies in software—much of it made for Atari machines).

The trouble is that Atari's major Christmas releases, "Raiders of the Lost Ark," "E.T." and "RealSports," aren't coming on as blockbusters, a crushing blow to the optimistic forecast—and to Mr. Odak, since his inflated figures apparently were used by Mr. Ross in his embarrassing projections to analysts.

The heavy competition by competitive Atari-compatible games seems to be hurting the most. "We look on this more of a problem at Atari, rather than the whole industry going sour," said Ms. Preston. Home videogame cartridge sales in general are a bright spot in the Christmas season, according to such major retail chains as Sears, J.C. Penney and Toys "R" Us.

Even Warner's announcement last week noted that sales of Atari videogame consoles are holding up, staying within projections. Frank Mainero, marketing vp of Activision, a major marketer of cartridges that play on Atari units, said Atari's continued strong console sales reflect the industry's general vitality.

"But the marketplace has changed" in that game cartridges licensed from hit movies or coin-operated arcade games aren't automatic hits. "You can't use a license as a crutch anymore," he said. "Good game play is a must."

The long-running leader on the *Billboard* list of top-selling videogame cartridges is Activision's "Pitfall," an original game not adapted from a movie or arcade game. Atari had only three games in the most recent *Billboard* top 10: "Berzerk" at fourth, "Pac-Man" sixth and "E.T." ninth.

Warner's third-quarter financial report showed a 34% jump in net income to a record $78.9 million and an upsurge in revenues to $1 billion from $872.3 million. For the nine months through Sept. 30, WCI's income gained 49% to $224.8 million as revenues hit $2.9 billion, up from $2.2 billion—both records. Last week's announcement was that its final 1982 fiscal year earnings would only be 10% to 15% above the previous year.

Mr. Odak joined Atari only last February from Jovan Inc., the innovative cosmetics marketer that itself is no stranger to holding a hot marketing hand. Earlier, Atari's coin-operated division president and its home computer division president were replaced and some vps left in their wake. To signal a new commitment to marketing know-how, two top marketing execs from Polaroid, Theodore Voss and Peter Wensberg, were recently recruited by Atari to fill newly created marketing posts.

Another factor in the fourth-quarter downturn is a writeoff "in excess of $10 million after tax" on the sale of its Knickerbocker Toy unit. Warner, unable to get Knickerbocker to perform as well as hoped, has agreed in principle to a deal whereby Hasbro Industries would buy certain Knickerbocker inventory, assets and liabilities in exchange for which Warner would get 40% of Hasbro common stock (AA, Nov. 29).

The other negative that has emerged in recent weeks, in addition to the suddenly bleak videogame cartridge outlook and the considerable costs involved in Warner Amex Cable Communications and Warner Amex Satellite Entertainment, was the attempt—unsuccessful—by a federal prosecutor in New York to implicate Mr. Ross in a $170,000 slush fund overseen by Solomon Weiss, former assistant treasurer at Warner.

Mr. Ross "unequivocally" denied any "authorization or participation or knowledge of any secret cash fund" at Warner, following the initial charges that appeared in the press right after the Weiss trial opened in New York. Mr. Weiss was found guilty on fraud charges related to the now defunct Westchester Premier Theater, Tarrytown, N.Y., but nothing concrete surfaced in that trial on Mr. Ross' alleged role.

One analyst, Anthony Hoffman at A. G. Becker, assessed the company last week in these terms: "Warner Communications has been run as a very decentralized company. They tend to give their heads freedom to run the show. That's how Atari worked, and cable as well. Gus Hauser [the departed chief of Warner Amex Cable] was given the mandate to win franchises and was let loose to do that. But the company has had some very unhappy surprises, so you're seeing them pull in the reins and take more control over their subsidiaries. The period of decentralization at Warner is over."

(This entrepreneurial spirit at Warner—and the huge success of Atari—contributed to Advertising Age's selection of Mr. Ross as Adman of the Year for 1981.)

Cable tv happens to be a capital-intensive business. All participants, including Warner Amex, the Warner 50-50 joint venture with American Express, have always expected long-term returns. However, it is beginning to appear that those long-term returns will take a lot longer than was expected. This year, losses for Warner Amex are expected to be from $30 million and $40 million.

As for Qube, the 5-year-old interactive tv experiment in Columbus, O., mounted by Warner Amex, sources say it has been sustaining hefty losses. "It was their first hookup, and they just never got it together," said the cable source. And another cable source said Qube is suffering from management problems in Pittsburgh. One report has it that auditors are only now discovering irregularities in reports filed as far back as last February. "And that's systemwide, not just in Pittsburgh," said the source.

The bright spot among Warner Amex's programing ventures is MTV: Music Television. But despite being cited as the best example of cable narrowcasting by nearly every agency executive, MTV ad revenues fell significantly below projections. The infant network, expected to reach breakeven by 1985, garnered only $5 million in ad sales in its first year.

By far the biggest drain on Warner Amex, however, are its numerous commitments to build multi-million-dollar, 100-plus channels, interactive cable systems in such urban markets as Dallas, Houston, Cincinnati, Pittsburgh and, tentatively, parts of New York City.

Building such systems is costing Warner Amex nearly 20% more than projected. At the same time, subscriber growth needed to offset financial losses has failed to meet expectations by about 20%, Mr. Hoffman pointed out.

■ The primary problem has been the lack of experience among all cable companies in building urban markets. Costs caused by regulatory delays, complex underground wiring and "greasing a few extra palms," were things nobody could have calculated, said Mr. Hoffman.

Warner Amex over the the past few years has been the envy of the cable industry as it succeeded in winning one after another of these big-city franchises. "Warner is not totally dumb, though," said Mr. Hoffman. "They know that to make sense of this business long term meant they had to bid big in order to win those markets. So they, probably like everyone bidding those markets, put in fudge factors to get their parent companies to give them the go-ahead." That's not to say today's losses will never be recouped. Whether they are and to what extent remains to be seen.#

This article was compiled from reports by AA's New York and Los Angeles bureaus.

Cheery newspaper page ad for Atari pushes the company's broad line of game cartridges.

Atari sues Coleco

Sunnyvale, Cal.—While all the stock market activity was going on, Atari and Coleco Industries prepared for battle on another front.

Atari last week filed a $350 million suit against Coleco, charging patent infringement and unfair competition because of Coleco's expansion module No. 1, originally promised to the retail trade last February.

In the suit, filed in U.S. district court, northern district of Illinois, Atari claimed that the module (which allows ColecoVision set owners to play Atari-compatible cartridges) is "substantially identical to the motion object and sound circuitry of the Atari VCS."

■ Atari recently succeeded in obtaining a preliminary injunction against Commodore regarding joystick patents.#

Tylenol rebound continuing

(Continued from Page 1)

level, and other brands appeared to be peaking.

Nabscan, formerly part of the Newspaper Advertising Bureau until it was sold, develops its figures from scanner data in 150 stores in over 20 cities.

At J&J, a spokesman said it is still too early to tell how fast Tylenol is recovering. He added that the company is back-ordered on capsules, and he does not know when factories can meet all orders.

The company has told financial analysts that it expects sales of Tylenol products to total about $275 million in 1983 in contrast to the $500 million that had been projected before seven people died in Chicago from taking poison-laced Tylenol capsules. Company officials told analysts that they expect to break even on Tylenol in 1983 and if sales are higher than anticipated they will simply pour those extra dollars back into advertising and promotion.

When that advertising will begin still has not been decided, a J&J spokesman said.

But the company will begin a three-day tv blitz in the Chicago market Dec. 13 featuring McNeil's medical director, Dr. Thomas Gates, to reintroduce Tylenol advertising into that market, where the product was banned from sale for almost two months. The spots are similar to those that ran elsewhere, in which Dr. Gates asked for consumers' continued trust. But they also make mention of the new triple protection provided by new Tylenol packaging. Compton Advertising, New York, is the Tylenol agency.

Although a regular campaign for Tylenol has not resumed, J&J has conducted a variety of promotional and publicity events to meet changing consumer concerns, and has taken a business-as-usual stance on most other flanker items in the Tylenol line.

But competitive action continues. Bristol-Myers, New York, told a group of financial analysts last week that it would not achieve its 15% annual growth rate because it plans to spend heavily to resume a leadership role in the analgesic market. Heavy spending will continue at least through the first quarter of 1983, the company said. B-M is putting a lot of dollars behind Datril 500, Excedrin and Bufferin (AA, Nov. 29). Also depressing earnings will be a reserve the company plans to set up to account for anticipated returns of drugs in packaging that is not tamper-resistant, one source noted.

In other new promotional developments, Sterling Drug is airing a new tv spot for Bayer aspirin pointing out that it "takes care in the way it packages its aspirin" just as it does in manufacturing it. An on-camera middle-aged spokesman says authoritatively, "At Bayer we've been using sealed tamper-resistant packages that meet even the new government standards and we've been doing that for over 25 years. Take Bayer the most trusted name in aspirin." The commercial by SSC&B also points out that the new coating on Bayer makes the tablets easy to swallow like capsules.

Until these spots appeared, Bayer maintained that it had no plans to change its promotional plans nor make any reference to the Tylenol incident because it did not believe it was appropriate.

A spokesman said last week that the company feels that the time has come for us to "assure our customers that we do take care. The market has settled down now and others out there are pointing out the steps they've taken to assure product integrity."

Sterling continues to maintain silence on whether it will once again try a nonaspirin entry despite its failure earlier. Sterling sells the leading extra-strength nonaspirin product in Great Britain under the name Panadol.

The Tylenol poisoning incident also has prompted Adria Laboratories, Columbus, O., to speed up introduction of a new product called Effercin, going into test in Cincinnati, Indianapolis, Charlotte, Louisville, Cleveland and Jacksonville and soon to be expanded to St. Petersburg, Tampa, Columbus, Nashville and Birmingham.

Effercin, a 500mg tablet of magnesium salicylate, is getting tv spots promoting "fast pain relief. . .contains no aspirin or acetaminophen." Advertising also points out that Effercin comes in "three-way tamper-resistant packaging." Agency is Martcom Inc., Columbus.

According to Richard Maradie, Effercin product manager, the company had planned to introduce the item in 1983, "but with the current situation, we moved up the release date."

Adria Labs, a joint venture of Hercules Inc., Wilmington, and Montedison, Milan, Italy, is best known for its anticancer drugs. It sells two other otcs, Modane laxative and Myoflex topical analgesic.#

Fear Anacin 3 tampering

New York—The latest in a rash of drug tamperings that followed the fatal Tylenol poisonings two months ago has hit American Home Products' Anacin 3 acetaminophen capsules.

AHP, whose Whitehall Laboratories markets Anacin 3, late last week sent one of its executives to California to investigate, although it believes the incident to be isolated.

A woman in San Jose was hospitalized Nov. 26 after becoming ill and was diagnosed as having suffered a stroke. Six days later, her husband turned over to authorities a bottle of Anacin 3 after noticing a strange odor. Tests confirmed that at least two of the capsules contained cyanide, but it is not known whether the woman took any of the capsules. A hospital spokesman listed her condition as stable.

AHP said that Anacin 3 advertising will continue, pending the outcome of the investigation.#

Bank creates division

New York—The Bank of New York has established a communications, entertainment and publishing division to coordinate the bank's expanding loan activities in those areas.

The division will be headed by Alan R. Griffth, a senior vp at the bank.

Super NOWs a problem

An Advertising Age roundup

Financial institutions were reassessing their marketing programs last week following the surprise approval of Super NOW accounts, which will be available Jan. 5.

The approval, coming on the heels of the Depository Institutions Deregulation Committee's approval of money market accounts for banks and savings & loans only two weeks earlier, caught the financial community unprepared. Most, still completing their marketing plans for the money market accounts that become effective tomorrow (AA, Nov. 22), had expected the Super NOW accounts to become available next spring, giving them time to initiate the money market accounts. (The accounts are being termed Super NOW accounts because, unlike the Negotiable Orders of Withdrawal, their interest rates have no ceilings.)

"This is completely changing the thrust of the thinking for marketers," said Charles Bartling, vp-director of communications for the Bank Marketing Assn. "The consumer information program is going to be a great challenge."

Said Elizabeth McMahon, vp-account supervisor at Bozell & Jacobs, Minneapolis, a member of the Bank Marketing Assn.'s advertising council, "A lot of institutions had planned a major effort" behind Dec. 14 money market accounts. "Suddenly, that's all changed."

Industry sources contend the Super NOWs, which allow institutions to offer unregulated interest rates on checking accounts with a balance of $2,500, are every bit as important as the money market accounts. Most agree that both will be offered by most institutions, with the money market accounts—which allow only six fund transfers per month—positioned as a savings instrument and the Super NOWs—with unlimited check-writing privileges—positioned as a checking instrument. The money market accounts probably will offer higher interest rates because they carry no institutional reserve requirement as do the Super NOWs. Existing NOW accounts have an interest ceiling of 5.25%.

Although not all industry executives are delighted by the prospect of the Super NOWs and money market accounts, they agree that the new products will almost have to be offered if an institution is to be competitive. "With all the competition we've seen emerging for these [new federally insured money market] accounts, I think it's a very good thing for the advertising industry, but not so much so for the banking industry," commented Charles Rand, vp-consumer marketing at San Francisco-based Bank of America, the nation's largest bank.

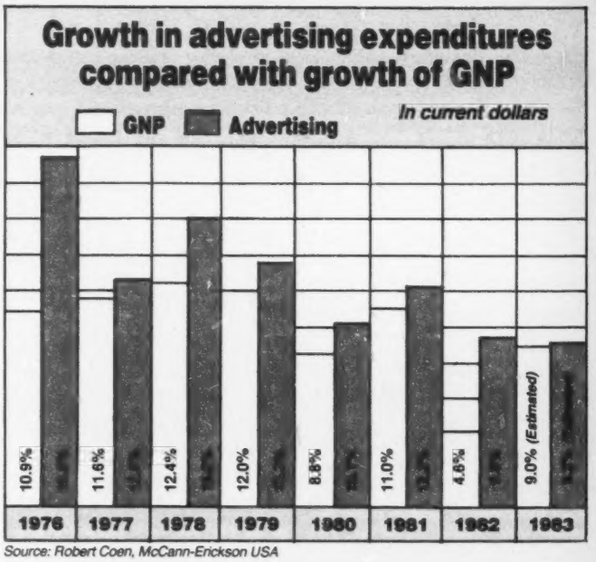
Some, like Mr. Bartling, believe Super NOWs will get at least as much advertising and promotion as the money market accounts, which in themselves were expected to create massive blitzes. But Tom Hefter, president of the Savings Institution Marketing Society of America, expects advertising and promotion of Super NOWs to be slower and less strenuous than for money market accounts. "It's hard to gear up and find money to spend to introduce two new products that close together," he said. Additionally, he believes institutions might wait to see what kind of internal money shifts (*e.g.*, from passbooks and regular NOW accounts to money market accounts) and external shifts (from money market funds to money market accounts) take place before "adding another product to add to the cost of funds."

"I don't think most [savings associations] will have Super NOW accounts in place on Jan. 5," said Mr. Hefter. "I don't even think most of them will have money market accounts in place."

At Chicago's Continental Illinois National Bank, which began money market account advertising within 24 hours of its approval last month, Steve Arnold, vp-advertising director, said officials were meeting to determine how to deal with the new situation. "Nobody's going to pass up the Super NOW," he said. But he speculated that most institutions will expend most of their energy "concentrating on the [money market account] and worry about the other one later."

Others disagree. Ms. McMahon, for one, "wouldn't be surprised" to see Super NOW ads break before Jan. 5.#

This report is by reporters Janet Neiman in Chicago and Ruth Stroud in Los Angeles.



Source: Robert Coen, McCann-Erickson USA

7UP complaint angers NAD

(Continued from Page 2)
two factors primarily responsible for this decision," he wrote. "First, we note there is no serious controversy that the product can be accurately described as 99% caffeine-free. Indeed, I gather this statement is a conservative measure of the level of decaffeination. Second, in each example of Pepsi Free point-of-purchase material and advertising you provided, the company had included prominent indicators of the residual caffeine content of the regular Pepsi Free."

Mr. Smithies clearly was not amused that Seven-Up made its concerns known to not only the entire BBB network, but the media as well. In an interview last week, he termed such maneuvers as "highly unusual."

"I am still getting calls and letters from bureaus all over the country that are confused and don't quite know how to handle the situation," he said. "It could be quite a mess if you had 150-plus BBBs all beginning to take action on the same complaint."

He also indicated that this is the first time, in his memory, that a single complainant has written to the NAD, all local bureaus and the media—let alone done so before the matter could be judged.

In its request to NAD, Seven-Up cited a letter from Taylor Quinn, associate director for compliance in the Food & Drug Administration's Bureau of Foods. In a May 24 letter to counsel for Royal Crown Cola, which has several decaffeinated colas, he said that "to label a product containing even a very small amount of caffeine as 'caffeine-free' is unacceptable and is not in the best interest of consumers."

Last week, a Seven-Up spokesman hinted that the FDA might get futher into the admonishment act. Pressed to be more specific, he said, "Why don't you ask Mr. Quinn that?"

■ Mr. Quinn said he had no knowledge of Seven-Up's latest move and added that as far as he knew, "Pepsi is doing it as we told them to, disclosing that they are not totally caffeine-free." When queried about the implications of Pepsi Free's name—a major bone of contention with Seven-Up—he said, "God only knows what a court would do with that. Usually the court looks at the whole label, not just a piece of it—*i.e.*, the name." Cans of Pepsi Free quite noticeably contain the 99%-free disclosure.

In an official statement, Seven-Up expressed regret that it and the NAD do not agree that Pepsi-Free advertising is "false, misleading and deceptive" and added, "We will continue to bring to the attention of consumers situations such as this, in which we believe their best interests are being served."

With this in mind, Mr. Smithies and others call attention to advertising for Like, the Seven-Up decaffeinated cola introduced last April. Tag lined, "You don't need caffeine and neither does your cola," the tv ads do not loudly disclose that the product is 99%, rather than totally, caffeine free. "I think the ads should have a more positive disclosure of the fact that they are 99% caffeine free. Don't you?" he said. "By no means do I wish to imply that we are going after them, because I assure you we are not, but if somebody were to raise the issue. . . ."#

Faberge sues buying unit

(Continued from Page 1)
chases, and misrepresenting both the prices paid for such time and the fair media value of the time.

Faberge alleges that the fraudulent practices were carried out between October, 1979, and last October by Ms. Porterfield, Mr. Wyman, Errol King—described as an officer and agent of PBU—and International Broadcast, a company headed by Mr. Wyman.

Faberge's complaint alleges that the defendants' use of "fraudulent invoices and schemes" netted them more than $3.5 million for "their own use." Should Faberge's allegations be upheld, the sum it is seeking would treble under federal law.

Faberge has reassigned the broadcast buying for products such as Brut and Touch of Class and Cellini colognes for men to Nadler & Larimer, which previously handled only print placement and creative. Faberge's ad spending in 1981 was nearly $8.3 million, of which $5.8 million went for network and spot tv, according to Leading National Advertisers.

Several calls to Mr. Wyman and Ms. Porterfield were not returned. Their answer to the allegations was expected to be filed with the court late last week.

In late October, Mr. Wyman and RDR Associates/TimeBuying Services reached a "confidential" settlement of a lengthy legal battle in which allegations of conspiracy, computer tampering, slander and unfair competition were leveled.

That legal battle erupted three years ago when Mr. Wyman, RDR's former chairman, sued RDR's board upon his return from a federal prison, where he served four months of a one-year sentence. He alleged that RDR's directors had issued additional shares in the company "for the purpose of diluting plaintiff's ownership interest in RDR." In setting up PBU, Mr. Wyman succeeded in taking CPC International and Faberge from RDR.

Mr. Wyman was jailed after pleading guilty to three counts of a 12-count indictment accusing him of conspiracy, mail fraud and misapplication of funds of an RDR client, REA Express, which went bankrupt in 1976.#

Lower ad outlook

(Continued from Page 3)
stalwart advertisers—the tobacco, toiletries and liquor companies. Mr. Coen said he expects to see some of those schedules restored, but wouldn't hazard a guess as to whether that restoration would come at midyear or yearend.

In the first nine months of 1982 vs. 1981, magazine ad page growth was up 1% compared with the 1981 ad page gain of 3%. The 1980 ad page total was flat. Mr. Coen said he is optimistic about magazines, believing they will start coming back with stronger schedules from alcoholic beverage and package goods companies. But he cautioned that the return may not be evident until 1984. For 1983, he said, page volume "at best" will show 1% growth.

National newspapers withstood serious cuts in schedules from tobacco companies (now that they have completed their low-tar product introductions) and in help-wanted ads. Cigarets were down 37% while help wanted was down 30%. Newspaper national linage growth was up a scant 2% in the first half of 1982, as compared to a 4% increase in 1981. Mr. Coen expects newspaper ad linage to be flat next year.

With soft retail sales, newspapers are continuing to suffer the aftereffects. In the first half of '82, retail linage was down 1%. In both 1980 and 1981, there was zero growth in the category. Retail sales "have been flat since 1978," Mr. Coen said, adding that he doesn't expect to see significant gains until late 1984.

Classified linage has continued to drop—"losses on top of losses," Mr. Coen said. By next spring, he expects real estate classifieds to have rebounded.

Other print, *i.e.*, trade publications, will continue to do poorly until 1984, Mr. Coen said.

The surprise performer in the past year was direct mail (third-class bulk rate pieces), up 16% in 1982. In 1981 it was up 11.4%; in 1980 it was up 10.4%. He pointed to the mail's ability to deliver directly to specific audiences as one reason for its upsurge. He believes direct mail will remain up in 1983.

The substantial 22% gain in spot tv sales seen in the first quarter of '82 "doesn't look sustainable" to Mr. Coen. He noted rates were up 15% in the first quarter and 13% in the second quarter. "The stations are going to find collecting double-digit rates will be very difficult," Mr. Coen warned. He also noted that spot tv stations profited from the fact that network time became so hard to come by, forcing many advertisers into the major spot markets. In 1983, he predicted, spot tv and radio sales would be up 6% to 8%.

In spite of the 57-day professional football strike, the networks will register gains of 12% for the fall, and gains of 12% to 14% next year, according to Mr. Coen.

In 1983, Mr. Coen expects national broadcast to be up 11% to $13 billion; national print to $7.2 billion, and other national up 10% to $22.1 billion. Total national expenditures will be up 9.9% to $42.3 billion. But, forever the cautious optimist, Mr. Coen said: "By 1984, real expansion in the economy should be clearly under way. Pent-up consumer demand will be unleashed and there should be a strong surge again in advertising activity in all media."#

Net censors worse: FTC

(Continued from Page 2)
proposed, and Mr. Muris' support for rotating warnings on cigaret packages and in cigaret advertising, which the ad industry is fighting in Congress.

In his myths versus reality remarks, Mr. Muris itemized and denied eight "misperceptions": That the Reagan FTC isn't doing anything; that it is confusing otherwise "clear" ad regulation standards; that it would allow lies in ads unless "economic injury" to consumers could be shown; that it would return advertising to the "law of the jungle"; that it has deviated from its own criteria for policing ads; that it would permit deception in advertising for cheap products, and that the ad industry opposes its regulatory proposals.

On network censors, the FTC official said "I have a feeling that the networks are asking you to substantiate claims that no one at the commission in the last decade would have questioned."

While he said no review of network practices is under way at FTC, he would not rule out the possibility that he might take on the networks in a public report if he thought advertisers were being required to "waste money."

■ Speaking on the still-suspended National Assn. of Broadcasters code, AAF president Howard Bell, a former NAB code director, strongly supported self-regulation, saying "we can regulate ourselves more cheaply, effectively and efficiently than the government."#

English media vie for readers, ads

Wire, satellite speed news to information-hungry Asians

By Daniel Burstein

It is hard to find an English-language newspaper or magazine publisher who is not bullish on Southeast Asia. Real economic growth in the region has frequently soared above 10% in recent years; even taking into account the ripple effect imposed by depressed Western economies, countries like Singapore and Malaysia still forecast 6% to 8% growth for 1982.

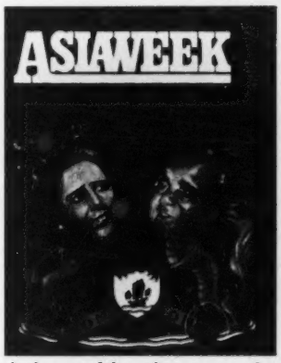
Adding to publishers' enthusiasm is the rapid spread of English as the region's common language and the development of local bases for international banking, trade and technology for which sophisticated business journalism is a necessity.

Other factors are a growing political identity that has fostered a demand for increased intra-Asian communication; a slow, but consistent, breakdown of traditional social patterns which has catapulted educated youth into a newly mobile and consuming middle class, and the lure of the potentially vast China trade, which continues to bring foreign businesses into Asia in search of a foothold.

And satellite technology has made it all possible. In October, for example, the *International Herald Tribune*, already publishing from Europe via satellite in Hong Kong, added a Singapore satellite edition. The *Asian Wall Street Journal*, *Time* and *Newsweek* have also been able to greatly speed their publication schedules and coordinate more complex demographic mixes through the use of satellites.

Three decades ago the English language press in Southeast Asia was confined to local papers for the expatriate community and the distribution of news magazines to servicemen. But today it has exploded into a thriving marketplace of diverse media options, with a host of American, British, Australian and Asian entrepreneurs locked in a struggle for readers, visibility and ad dollars.

Daniel Burstein is a free lance business writer based in New York, who frequently travels to Asia on assignment.



Asiaweek's *view may be the most Asian, with regular features on rural areas.*

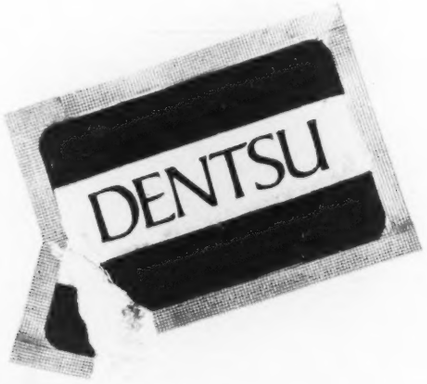
"Over the next five years a lot of Asian magazines will disappear," predicts Charles Stolbach, publisher of the Hong Kong-based *Far Eastern Economic Review*. "They won't be able to stand the increasing levels of professionalism we're now witnessing in the Asian media."

Peter Harper, advertising director of the *Asian Wall Street Journal*, concurs: "The market out here may not be as big as some people hope. After all, it doesn't take very long in Asia to go through the elite of a society and get down to people who just simply don't make very much money."

English-language publishing in Southeast Asia—a region generally defined as the five countries of the ASEAN alliance (Indonesia, Malaysia, Philippines, Singapore and Thailand) plus Hong Kong—exists on many different levels. In terms of circulation and visibility, the top tier is made up of *Time*, *Newsweek* and *Reader's Digest*, each of which publishes editions in Asia that largely resemble the domestic books, but with a small portion of editorial tailored to Asian readers.

AWSJ *has tapped an "insatiable hunger" for solid business reporting in Asia.*

Time and *Newsweek* are read for what they say about America



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and the American view of world events, while *Reader's Digest* audiences are similarly fascinated with U.S. life styles, but the publication is geared more for the mass market. All three offer advertisers a variety of demographic packages in the area and circulation bases in the hundreds of thousands.

Also combining established editorial packages with Asian advertising splits are the more recent arrivals, *Business Week International, The Economist* and the *International Herald Tribune.*

At the other end of the spectrum are newspapers and magazines wholly produced in the region, designed to serve either local readers, trade sectors or highly specialized business audiences. English-language dailies exist in all the Southeast Asian markets, ranging from the *Bangkok Post* to the *New Straits Times* in Kuala Lumpur.

The greatest proliferation of titles has come in specialized books, many of which are controlled circulation. *Asian Money Manager, Asian Banking, Asian Finance, Insight* and *Young Asian Executive* are all designed

FEER, *an East/West hybrid, is "the bible" to Westerners working in Asia.*

to reach small, elite audiences of financial executives and are distributed in many Asian capitals.

Singapore has its own business daily, the *Business Times,* and most of the countries have four-color business monthlies—*Business in Thailand* and *Business in Malaysia,* among others.

New computer magazines geared to products and applications in the Asian market are also springing up (*Asian Computer Monthly, Computer-Asia*). The Hong Kong-based *South China Morning Post* group, meanwhile, has been aggressive in bringing diverse English-language books onto the market, ranging from *Asia Magazine* (a biweekly Sunday color supplement inserted into English-language dailies throughout the region) to Asian versions of *Golf Digest* and *Boating Monthly.* Even China has the *China Daily,* a semi-official digest of Chinese news and opinions printed in Peking and Hong Kong and sped by jet in small quantities to ASEAN capitals.

But it is the truly regional publications—the ones produced in the region, with editorial concerns and paid circulations throughout the continent—whose growth and development reflect the true coming of age of print media in Southeast Asia.

Print media in Asia

Publication	Total circulation* (all intl. editions)	Total Asian circulation	Ad rates (US $) 1 page b&w (Asia-Pacific edition)	1 page 4-color (Asia-Pacific edition)
Far Eastern Economic Review	56,484	44,906	$ 2,742	$ 4,596
Asian Wall Street Journal	25,502	24,592	6,624	7,859
Asiaweek	38,853	37,907	2,175	3,475
International Herald Tribune	140,000	20,000	4,720	available 1983, rates not set
Time	1,311,000	356,000	15,020	23,585
Newsweek	566,000	243,263	10,450	17,765

*Circulation figures are based on latest information available. Audit dates vary.

The leaders in this group are the *Far Eastern Economic Review, Asiaweek* and *Asian Wall Street Journal.* Here's a rundown of their activities.

• ***Far Eastern Economic Review.*** "*FEER* is the bible," says a western diplomat based in Bangkok. "I can't imagine trying to work in business, government or the media in Asia without reading it religiously." Indeed, recent subscriber studies show that *FEER* readers are zealously loyal and place high confidence in the weekly's journalistic content.

Established just after World War II, *FEER* is now a joint venture of Dow Jones & Co. and the *South China Morning Post* group. In the last four years it has experienced a growth in paid circulation of almost 20,000 to more than 56,000 today.

With bureaus in 27 cities and a largely Asian audience, *FEER* offers the most comprehensive weekly look at Asia. The front half of the magazine is devoted to major political news; the back of the book provides detailed financial information on national economies, industries, investment strategies and markets.

Since many of its journalists are Anglo-Saxons and many readers Westerners, *FEER* is admittedly a hybrid of East and West. Like some of its major Western counterparts, *FEER* strives to make political sense out of obscure and esoteric events as well as offer incisive financial writing on issues like property prices in Singapore, Malaysian raw material cartels and the progress of Sino-American joint ventures in China's

(Continued on Page M-16)

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Media

(Continued from Page M-15)

Special Economic Zones.

With its focus on Asia itself, *FEER* is not directly competing with *Time* and *Newsweek*, says editor Derek Davies. The advent of the *Asian Wall Street Journal* in 1976, however, "jerked us out of our complacency," he adds.

Publisher Charles Stolbach believes that *FEER* and the *Asian Wall Street Journal* are complementary rather than competitive, since "the more professional media we get in Asia, the greater the benefit"—a view undoubtedly shared by Dow Jones, which has a financial interest in both.

Explaining the success of English-language publishing, Mr. Stolbach notes: "Affluent people in Asia are tied together by the English language. They need first-rate information, but the local press in each country tends to be highly controlled, with tv even more restrictive."

While it is not well known outside of Asia (U.S. circulation is a scant 6,000), *FEER's* writers include a who's who of experts on the region. Its prestige is such that normally reclusive heads of state and financiers will make themselves available to *FEER* when they are unavailable to others.

"We've trebled advertising revenue during the worst recessive years in the West, growing by 700 ad pages," says Mr. Stolbach. "That says something about us and the potential of this region." But, he warns, what was once a wide-open game is becoming more restrictive: "In a few more years there will be few opportunities for publications that aren't up to top international standards."

• ***Asiaweek.*** In many ways the antithesis of *FEER*, *Asiaweek* was begun by a group of *FEER* writers and editors who broke away in 1975, believing there was a need for a magazine that more explicitly promoted Asian viewpoints and personnel.

While *Asiaweek* considers itself more authentically Asian than *FEER*, its editor is a New Zealander—Michael O'Neill—and its ownership is primarily American (*Reader's Digest* now holds an 80% interest).

"In the next five years, a lot of Asian magazines will disappear, unable to stand the increasing professionalism."

The magazine is a general-interest newsweekly with regular space devoted to politics, economics, life styles, social trends, culture, science, sports and intellectual debates in Asia. Mr. O'Neill is particularly proud of the recent addition of a weekly section called "The Heartland," which features stories about life in Asia's vast rural locales.

He has developed a network of stringers in 100 Asian towns of less than 50,000 population, and points to the potentially vast market for a magazine that speaks to the concerns of these people. "After a few years of developing correspondents among local doctors, school teachers and other English-speaking intellectuals in towns and villages, we ought to know more than anyone about what's really happening in Asia," says Mr. O'Neill.

He sees the magazine's audience as Asians concerned with comparing life and problems in their countries with those of others in Asia. "When *Time* and *Newsweek* write about Asia," he says, "they try to show how 'exotic' it is, while *FEER* writes almost exclusively about major political and economic issues. But we are talking about issues like religion and education—which simply have never been covered."

Considering that big advertising dollars in Asian magazines are generated by airlines, banks, alcohol, tobacco and office products, how interested are such advertisers likely to be in a magazine that places so much emphasis on readers outside big cities where consumer dollars are concentrated?

Very interested, argues Gregory Jaffray, *Asiaweek's* chief executive officer and a recent arrival from *Reader's Digest* headquarters in Pleasantville, N.Y.

(Continued on Page M-21)

Nikkei Business. The right place to interface in Japan.

Nikkei Business, the comprehensive and influential Japanese language business magazine exclusively for management-level executives.

Published by Nikkei-McGraw-Hill, Inc., a joint venture of McGraw-Hill, Inc., and Nihon Keizai Shimbun, Inc., we bring you face to face with more of Japan's executive elite than any other business magazine (172,649 as of the Nov. 1, 1982 issue).

And, in a land where the concept of *face* (i.e., gaining or losing it) is sophisticated business, Nikkei Business stands alone in creating the proper environment in which to meet Japan's decision makers.

But, why not contact our advertising office now for our latest Media Planning Data and start getting closer to the many faces of Japan.

Net paid circulation is regularly audited and certified by Japan ABC (1981 156,899).

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AA-12

Media

(Continued from Page M-16)

By addressing the issues that underlie Asian life today, he says, the magazine will find a large audience among urban intellectuals, businessmen and government workers. In fact, *Asiaweek* has grown from a circulation of 24,000 to 35,000 since *RD* came in three years ago.

Veteran observers of Hong Kong publishing think *Asiaweek* is still searching for its identity. It was born, they say, in the mid-1970s when anti-American sentiment was strong in Southeast Asia and must now reorient itself toward a less ideological and more pragmatic epoch. On the other hand, the regional cohesion it long advocated has been given a boost by the development of the ASEAN alliance and the new emphasis on East-West relationships.

• ***Asian Wall Street Journal.*** After suffering extensive losses since founding *AWSJ* in 1976, Dow Jones turned the corner this year and began to show a small profit on a circulation that has pushed ahead of the 25,000 originally planned for the publication. Similar in appearance to the U.S. *Wall Street Journal*, *AWSJ* draws to a large extent on the American daily and the resources of AP-Dow Jones for news and financial data on the U.S. and other world economies. But in covering Asia (with 17 fulltime correspondents), *AWSJ* has found that the hunger for solid reporting on business affairs is insatiable.

"The success of our operation is not only because Asia is a buoyant place," says managing editor Mike Malloy, "but also because it is becoming a genuine region." Companies are expanding their activities here with such speed that up-to-date information about conditions in all Asian markets has become a vital necessity, he notes, especially to the *AWSJ* reader who has an average income of $75,000.

Aside from the daily presentation of stock market quotes, currency exchange rates and commodity prices from all the Asian and world trading floors, *AWSJ* presents a steady diet of detailed news on Asia's major corporations and industries. But it has also gained considerable prestige from its investigative reports in the last year.

A report last summer, for example, by Barry Wain on inhuman conditions faced by Vietnamese refugees in Thailand became such a *cause celebre* that correspondent Wain was expelled by Thai authorities. The incident only served to enhance the paper's stature, however, since the measures taken against Mr. Wain were seen as punishment for having told the truth.

Most recently, a five-part article investigating connections between the Central Intelligence Agency and the failed Nugan-Hand Bank in Australia succeeded in raising eyebrows all over the world.

There is a suspicion in *AWSJ*'s Hong Kong office that the paper's success was the motivation behind the *International Herald Tribune's* decision to move into Southeast Asia. Mr. Harper says bluntly: "The *IHT* is in Asia because of us. They said in the early 1970s that you couldn't attract the advertising transfers from the U.S., but we showed it could be done. We show how to use satellite transmissions to get effective daily circulation—now they're following the trend we set."

While the thinking at *AWSJ* holds that the region can support both dailies (since one is Atlantic-oriented and other Pacific-oriented), some recent issues of *AWSJ* may well be designed to head *IHT* off at the pass. More space has been turned over to nonbusiness subjects like travel, the arts and leisure activities, and the feature pages increasingly resemble *IHT*'s weekend pages.

Neither Mr. Harper nor Mr. Malloy expect circulation to grow rapidly. *AWSJ* already has 7% of the daily English-language market in Hong Kong, compared with only 3% of the daily newspaper market for the *Wall Street Journal* in key U.S. cities. "How much more can we grow?" asks Mr. Malloy rhetorically.

They both foresee, however, heightened interest from an advertising viewpoint in the quality of audience delivered, especially as readership statistics improve and it becomes easier to sift out the facts about who various publications are and are not reaching in Southeast Asia.

和洋魂大

Wa Kon Yo Sai
Japanese spirit with western disciplines

"Dentsu Young & Rubicam K.K.", a Japanese-American joint venture company, started its operation on November 1, 1981 with a motto of combining genuine Japanese spirit and western business disciplines. We'd appreciate an opportunity to tell you about our new company.

DENTSU-YOUNG&RUBICAM K.K.
KYOBASHI K-1 BLDG., 7-12, 2-CHOME, YAESU, CHUO-KU, TOKYO 104, JAPAN

Japan's Real Decision Makers—

Their Daily Newspaper Is The Asahi Shimbun.

You've probably heard or read a lot about the unique decision-making process in Japanese organizations, and maybe you're even a little confused about what really goes on. While a lot of attention has been given to the "how", little has been paid to the "who". Put simply, the Japanese decision-making process starts from the bottom and moves toward the top. At the Section or lowest level, problems are identified, proposals are made and the initiative is taken. Among Section workers, morale is high, energy and enthusiasm are common, and the willingness to work long and hard is taken for granted.

As the facts clearly show, their newspaper of choice is the Asahi Shimbun. Published twice daily in Japan's major commercial and population centers, backed-up by several combined area editions, and having a large nation-wide readership, the Asahi Shimbun is a quality newspaper which reaches the people who count. If your need is to inform or persuade Japan's decision makers, then let the Asahi Shimbun carry your message to the source.

Comparison of Dissemination Rates of Japan's Four Major Newspapers.

Senior Executives and Professional People		Middle Management & Section People	
Asahi	33.2%	Asahi	27.2%
Mainichi	13.4%	Mainichi	12.4%
Yomiuri	22.7%	Yomiuri	21.4%
Nihon Keizai	8.3%	Nihon Keizai	4.9%

(M.M.R., March, 1982)

Asahi Shimbun
Tokyo 104, Japan

Represented in the United States of America by Powers International, Inc. 551 Fifth Avenue, New York, N.Y. 10017 Tel: (212) 867-9580
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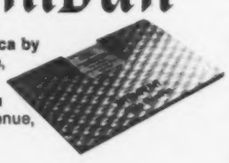

ASAHI EVENING NEWS
Asahi Shimbun's Sister Newspaper in the English Language

For Complete Information On Reaching Japan's Decision Makers, Check below.

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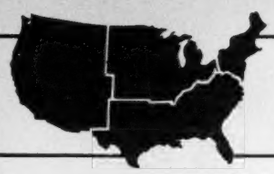
C2710-1 12/20/82



Regional news: New format – Page 24

NBC's Mulholland

The pros and cons of nets in syndication – Page M-4

Hollywood's Valenti

Advertising Age

®

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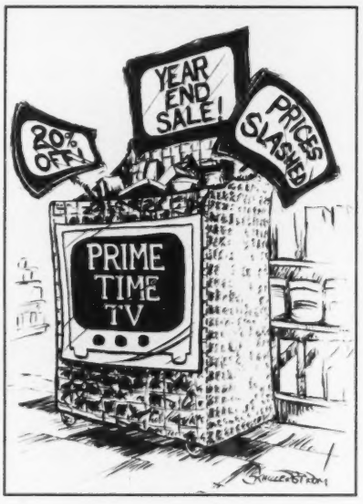
$1.25 a copy; $50 a year *The International Newspaper of Marketing • In Two Sections, Section 1.* *December 20, 1982*

Tv buyers say nets dumping yearend spots

By CRAIG REISS



No distressed merchandise, networks reply; blame rumors on buyers embarrassed by nets' success.

NEW YORK—Major network tv buyers at advertising agencies across the country report that disastrous fourth-quarter prime time scatter sales at the three nets have led to unusually drastic price cuts and combination package offers.

The reports have drawn strong denials from the tv networks. Some network sources have labeled the reports a weak attempt by media agents to strike back at network strategies that increased cost-per-thousand rates by as much as 16%, and allowed CBS to cease giving guarantees against demographic deliveries. These agency buyers are described by the network people as having been embarrassed by the networks' successes in this year's upfront selling season.

Nevertheless, agency sources maintain that network salesmen have been offering price cuts of as much as 50%. While the networks are not offering two-for-one deals, sources say that prime time buys in the final two weeks of this year are being offered with "bonus spots," or free exposures in top-rated programing. "There is so much prime time available, you can shoot a cannon through it," said one source.

Some reports place the three tv networks with as many as 350 unsold 30-second prime time availabilities through the end of the year and into the first quarter of 1983. If that is true, the networks would be down in sales for the quarter by as much as $15 million.

Sources at CBS and ABC, while conceding that post-holiday sales have been weaker than previous years, called the reports of unsold prime time ludicrous and impossible to substantiate, since the networks do not advise each other of the size of their unsold inventories. "If the marketplace is so bad," said a network exec, "why are all three networks going to report record revenues this year?"

The period between the week before Christmas and the New Year, traditionally slow for the network sales crews, has earned a special designation: Holiday price period or h-period pricing. Prices normally come down during this two-week period.

Network sources said that advertisers with fiscal years ending Dec. 31, who normally jump into the market to take advantage of h-period pricing, have not come forward this year. Attributing this to the failure of the economy to turn around during the quarter, they add that even in the best years this additional spending amounts to only a few hundred thousand dollars for each net-

(Continued on Page 38)

$100 million shop set by Y&R, Dentsu

NEW YORK—The 18-month-old joint venture between the two largest agencies in the world, Dentsu and Young & Rubicam, has spawned a U.S. offshoot, Young & Rubicam/Dentsu, with offices in New York and Los Angeles.

Sources say the worldwide joint venture, which officially bows Jan. 1, has sights on other locations shortly, and the ones mentioned most often are Asia and Europe.

The new company, owned 50-50 by the parent companies, combines Y&R's Los Angeles office with Dentsu Corp. of America and enables Y&R to claim a share of Dentsu's $100 million in U.S. billings.

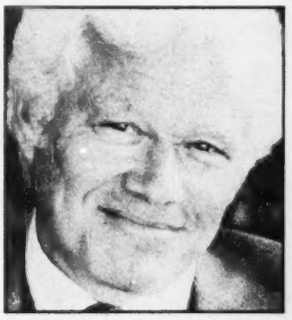
Dentsu accounts that now become clients of Y&R/Dentsu are Canon USA, Japan Air Lines, Mikimoto (America) Co., Monex International, Nissin Foods (USA), Shiseido Cosmetics (America) and U.S. Suzuki Motor Corp.

Y&R's Los Angeles office accounts that now become part of Y&R/Dentsu are Sanyo Electric, Security Pacific Bank, Twentieth Century-Fox Television and United Vintners (Inglenook and Colony wines).

Managing the new agency is an executive committee consisting of Sid Marshall, exec vp, Y&R's Los Angeles office; Akio Minamoto, president of Dentsu Corp. of America, and Burton Vaupen, Y&R's senior finance and administrative officer. In the new venture, Mr. Marshall becomes chairman-chief executive officer; Mr. Minamoto becomes president, and Mr. Vaupen will serve as exec vp-chief administrative officer.

Over-all, Y&R executives are managing the U.S. and Malaysia

(Continued on Page 42)



Sid Marshall will be chief executive officer of Y&R/Dentsu.

last minute news

Firestone consolidates retail ads at BBDO

AKRON—Firestone Tire & Rubber Co. has consolidated its tire and automotive service retail advertising at BBDO, its national shop. Previously handled in-house, the assignment is equivalent to $15 million in capitalized billings.

Waldron to head RJR food, beverage group

WINSTON-SALEM, N.C.—R.J. Reynolds Industries has named Hicks Waldron to head its new food and beverage group that includes Del Monte, Heublein Spirits & Wine and Kentucky Fried Chicken. He earlier was named an exec vp and board member of the parent company after RJR acquired Heublein and its KFC unit. Other changes: John A. Powers to Heublein president-chief executive officer from senior vp-beverages, and Richard O. Mayer to KFC chairman-ceo. Richard Ward remains chairman at Del Monte, where Robert Fox, president, adds the title of ceo.

(Continued on Page 8)

'7-Eleven'll sell tickets when agents sell milk'

Airlines ground CAB's ruling on ticket outlets

By RICHARD KREISMAN

The Civil Aeronautics Board's competitive marketing case, three years in the making, is turning into a gunfight where the gunslingers won't show up.

Last week, the board lifted travel agents' exclusive rights to sell airline tickets and opened the field to a host of potential competitors ranging from large retailers like Sears to computerized ticketing companies such as Ticketron (AA, Dec. 13).

But to do that, the airlines have to sell their seats to the potential vendors, and so far the nation's airlines aren't taking the board up on its new offer.

Given the precarious state of the industry, observers say the airlines won't authorize new ticketing agents because they fear reprisals from travel agents. So the travel retailing scene is expected to remain the same despite this, one of the final deregulatory acts of the board.

"A 7-Eleven will sell airline tickets when travel agents sell milk," said Tom Volz, vp-marketing, Southwest Airlines, Dallas. "With the volatility of prices, new services and schedules, the average passenger is relying on travel agents for information. Perhaps, if the atmosphere in the industry were different, someone would take a chance. But I just don't think that's going to happen."

The first stage of the CAB order calls for the immediate repeal of travel agents' exclusivity for "on-line" or single-carrier ticket sales. "Interline" tickets—multicarrier tickets—are not affected by the new order until January, 1985, when travel agents lose their rights to act as the airlines' sole ticket sellers. Airlines then will appoint their own authorized agents to market tickets.

In addition to the exclusivity issue, the board resolved that agencies and the Air Traffic Conference, the travel agents' accrediting organization, will lose all antitrust immunity by January, 1985. The Area Settle-

(Continued on Page 42)

NEWSPAPER
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WASHINGTON DC 20014

Ross Roy/N.Y. joins Rumrill-Hoyt

Saatchis link two units of Compton

By PAT SLOAN

NEW YORK—The Compton Communications subsidiaries of Ross Roy/Compton-New York and Rumrill-Hoyt, New York and Rochester, will be merged into one agency, Rumrill-Hoyt, as of Jan. 3.

The announcement last week followed a statement made earlier by Kenneth Gill, chairman of the Saatchi & Saatchi group, which owns Compton, to the effect that three money-losing Compton Advertising subsidiaries would be merged or sold. At the time, Mr. Gill identified the Denmark shop as being divested. He also mentioned Hoffman York & Compton, Minneapolis, which will be closed effective Dec. 31 and not sold as reported earlier (AA, Dec. 13).

The forthcoming merger involves the third agency not earlier identified by Mr. Gill. Compton chairman Milton Gossett admitted that Rumrill-Hoyt, New York, which billed about $57 million at the end of 1981, lost money this year, while Ross Roy, billing about $24 million, had been flat.

Earlier in the day, Al Molinaro, Compton Group president, acknowleged that the recession had put "some pressures on some members of the [Compton] group." But he maintained that the merger offers clear-cut benefits and was being planned well before the Saatchi/Compton marriage. "Both agencies would have projected a profitable 1983 if this merger had not occurred," he added. Calling the two agencies "mirror images of each other" and noting that they have competed head to head for new accounts in the past, Mr. Molinaro said the merger will create one larger and stronger organization "to better meet the needs of clients." Gary Landis, previously president of Ross Roy/Compton-New York and now president-chief executive of the new agency, added that the merger, by converting two midsize agencies into a large agency, will make Rumrill-Hoyt able "to compete with any agency in the city."

In addition to Mr. Landis' new title,

(Continued on Page 38)

Why P&G moved Pert shampoo from Compton to Burnett—Page 38.

'Playboy' foldout with record dimensions

The February *Playboy* will feature a different type of attraction when Magnavox unveils in that issue its 12-page, triple gatefold ad to support introduction of a new line of audio and video components. The threefold gatefold is the first of its kind to appear, according to the Magnavox officials. Viewing the ad as it first comes off the press are (l. to r.) Ken Thomson, vp-general manager of Magnavox; Al Vargo, *Playboy* production manager, and Jim Proud, Magnavox vp-marketing. Campbell-Ewald, Detroit, is the agency. Magnavox is a division of N.A.P. Consumer Electronic Corp., Knoxville.

DDB opens up to cigarets, gets PM brand

By JOHN J. O'CONNOR

NEW YORK—Philip Morris U.S.A. has assigned the $5 million-to-$10 million Parliament account to Doyle Dane Bernbach, whose policy against accepting cigaret business was largely enforced by the late William Bernbach while he was running the agency.

DDB thus becomes the tobacco company's third agency, joining Wells, Rich, Greene and Leo Burnett USA, Chicago, which is giving up Parliament.

In explaining the policy change at DDB, pr director Cary Bayer said the agency's position on accepting a cigaret account actually had begun to change last April during merger talks with Foote, Cone & Belding, whose major client is Lorillard, the nation's fifth-largest cigaret maker. Mr. Bayer said Mr. Bernbach indicated that, despite his feelings, he would not have objected to Lorillard as a client had that merger gone through.

Furthermore, Mr. Bernbach was said to have then told Neil Austrian, president-chief executive officer, DDB International, that since Mr. Austrian was responsible for day-to-day operations, he should decide which accounts to accept or reject. The DDB founder and advertising legend died Oct. 2.

■ A memo from Mr. Austrian to the agency's staff explaining the policy change noted, "based on the strong desire of many of our people to handle a tobacco account, and the opportunity to work with a professional marketing company of the highest order offering excellent future growth opportunities, DDB has decided to enter into a partnership with Philip Morris."

James J. Morgan, exec vp-marketing, PM U.S.A., said that PM, whose business continues to boom, had been seeking a third agency for the past three years. Mr. Morgan said the current Parliament ads by Burnett are among some of the best that have supported the brand, but explained that "a new client-agency relationship is best served by working together on an actively marketed and established product.

"DDB will be absolutely under no pressure" to top Burnett's work when it takes over the account Jan. 1, Mr. Morgan stressed. He noted that it was far more important for DDB to learn the business so that it can be positioned for new product assignments down the road.

Parliament, one of PM's lesser brands, has been on a long-term decline. It had estimated unit sales of 6.93 billion units, a 2.9% drop from 1981, according to analyst John C. Maxwell Jr. Burnett's major PM brands include No. 1-selling Marlboro, Merit and Virginia Slims. WRG has Benson & Hedges.#

highlights

Monday, December 20, 1982

The Cockfield Brown agency takeover in Canada was carried out by illegal means, the Ontario Securities Commission ruled. *See Page 6.*

FTC chairman James Miller goes before the NARB to defend his views on changing advertising procedures at the commission. *See Page 14.*

With two fragrance introductions planned for 1983 and a more agressive stance in cosmetics, Max Factor & Co. is moving beyond its turnaround phase and taking the offensive. See Page 20.

Time Inc. and Matsushita Electric Industrial Co. entered into a pact to co-develop hardware for consumer information services. *See Page 21.*

Maytag Co. won one and lost one in separate sections of the National Advertising Division's self-regulatory report for November. *See Page 23.*

A Benton & Bowles survey has found that Americans may resent the salaries paid athletes, but a considerable number of sports fans nevertheless would like to see even more tv sports coverage. *See Page 27.*

The fall 1982 RADAR radio study of listenership reveals that 95% of persons 12 years and older tune into radio during the week, and almost two-thirds of those listeners are tuned to fm stations. *See Page 31.*

At least two companies, thwarted by the FDA from offering products designed to offset the ill effects of alcohol, are taking steps to reenter the market. *See Page 35.*

In a major blow to the advertising industry in Venezuela, the government froze tv ad rates following the breakdown of rate negotiations between advertisers and networks earlier this year. *See Page 36.*

CORPORATE CLOSEUP

P&G's foreign earnings have dropped 41% since 1980, but there still is optimism that its dismal Japan operation will turn around. *See Page 4.*

MAGAZINE

Should the rules governing rights to syndicated tv programs be dropped? At stake are millions of dollars and the future of tv program production. Principals from both sides of the issue defend their positions. *See Page M-4.*

Leisure Market: With free time becoming more and more of a luxury, leisure marketers are fighting for those precious chunks of the American public's leisure time. *See Page M-9.*

The French continue to be concerned about what they regard to be a national disease of "creeping Americanism" that is filtering through French society —mostly into commercial tv. *See Page M-19.*

TO OUR READERS:

Starting with this week's issue, the regional news pages of ADVERTISING AGE have a new, more distinctive look.

We have created this new format to emphasize our ongoing interest in bringing to you all of the significant news of people, events and trends on the local and regional media, agency and marketing scenes. The redesign of the regional pages will permit us to carry more stories, utilizing the resources of an expanding and upgraded national network of local correspondents, as well as reports filed by AD AGE's six domestic news bureaus. Our regional coverage is under the direction of Nancy Millman, Chicago bureau chief and regional editor, and Lisa Wells, recently appointed assistant regional editor.

For a look at our new look, which includes distinctive logos for the East, Midwest, South and West regions, turn to Page 24. We hope you like it.

Todd Fandell, Editor.

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Miles tries Healthgard vitamins

By JENNIFER ALTER

Miles Laboratories, the long-time king of the advertised vitamin business with its One-A-Day brand, at last is acknowledging the presence of natural vitamins.

The Elkhart, Ind.-based company is about to move into a Seattle market test with a midprice natural vitamin line called Healthgard. The 65-unit line includes products in seven vitamin groups: C, A&D, E, minerals, B complex, multiples and food supplements. Healthgard, which retailers are being asked to take on in entirety, will be displayed in self-standing "vitamin centers."

Miles salespeople are asking retailers to locate the "vitamin center" in the health food rather than the vitamin sections of their stores, so as to take advantage of traffic from those already interested in natural products.

The technical difference between natural and synthetic (most branded products are synthetic) vitamins is not entirely clear. Some vitamins are very difficult to produce with all natural ingredients.

Healthgard currently is being shipped to retailers. Advertising, originally scheduled for Jan. 1, has

(Continued on Page 42)